

Medicare Minute Teaching Materials – January 2016 What’s New in 2016?

1) Have costs for Medicare Part A (hospital insurance) changed in 2016?

Yes, the costs associated with Part A are different this year. Remember, Medicare Part A covers inpatient hospital services, skilled nursing facility services, home health care, and hospice. The following chart compares costs this year and last:

Original Medicare Part A Costs: 2015 vs. 2016		
	2015	2016
Part A Premiums	\$0/month if you’ve worked more than 10 years	\$0/month if you’ve worked more than 10 years
	\$224/month if you’ve worked between 7.5 and 10 years	\$226/month if you’ve worked between 7.5 and 10 years
	\$407/month if you’ve worked fewer than 30 quarters (7.5 years)	\$411/month if you’ve worked fewer than 30 quarters (7.5 years)
Hospital Deductible	\$1,260 each benefit period	\$1,288 each benefit period
Hospital Coinsurance	\$0/day for days 1 – 60 once you’ve met your deductible	\$0/day for days 1 – 60 once you’ve met your deductible
	\$315/day for days 61–90 each benefit period	\$322/day for days 61–90 each benefit period
	\$630/day for days 91–150 (non-renewable lifetime reserve days)	\$644/day for days 91–150 (non-renewable lifetime reserve days)
Skilled Nursing Facility Coinsurance	\$0/day for days 1 – 20 each benefit period (after a minimum 3-day inpatient hospital stay)	\$0/day for days 1 – 20 each benefit period (after a minimum 3-day inpatient hospital stay)
	\$157.50/day for days 21–100 each benefit period	\$161/day for days 21–100 each benefit period

If you have a Medicare Advantage Plan, your plan provides your Part A coverage. If you have the same Medicare Advantage Plan in 2016 as you did in 2015, your plan should have sent you an Annual Notice of Change (ANOC)/Evidence of Coverage (EOC) notice explaining any changes for the coming year. Review this notice to understand your plan’s costs, covered services, and rules. Contact your plan if you didn’t receive these documents in the fall, if you want another copy, or if you need help understanding your costs and coverage rules. If you chose a new Medicare Advantage Plan, review the costs associated with the plan for 2016 so that

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you will be prepared for any changes. Contact your State Health Assistance Program (SHIP) for additional help understanding cost sharing (deductibles, coinsurance, and copayments) that apply to Medicare-covered benefits.

2) Have costs for Medicare Part B (medical insurance) changed in 2016?

Medicare Part B covers outpatient medical services, such as physician services. You will continue to pay a 20 percent coinsurance for most services covered by Part B in 2016. The Social Security Administration previously announced there will no Social Security Cost of Living Adjustment (COLA) for 2016. As a result, most people with Medicare Part B will be “held harmless” from any increase in premiums in 2016 and will pay the same monthly premium as last year, which is \$104.90. If you are not subject to the “hold harmless” provision, you will pay a monthly premium of \$121.80. You will NOT be “held harmless” if:

- You are new to Medicare. Hold harmless does not apply to you because you have not been enrolled in Medicare Part B long enough to qualify.
- You are subject to the Income-Related Monthly Adjustment Amount (IRMAA).
- You are enrolled in a Medicare Savings Program (MSP). However, the MSP should continue paying for your full Part B premium.
- You were enrolled in a MSP in 2015 but lost the program because your income increased or you failed to recertify.

The following chart compares costs this year and last:

Original Medicare Part B Costs: 2015 vs. 2016		
	2015	2016
Part B Premiums*	\$104.90/month if your annual income Was below \$85,000 (\$170,000 for couples)	\$104.90 if you qualify for hold harmless protection. \$121.80 if your annual income is below \$85,000 (\$170,000 for couples) and you do not qualify for hold harmless protection. This includes a \$3 “surcharge” amount as a result of the budget agreement which reduced the premium increase.
Part B Deductible	\$147/year	\$166/year
Part B Coinsurance	20 percent for most services	20 percent for most services
* If your annual income is higher than \$85,000 for an individual (\$170,000 for a couple), you will pay a higher premium for Part B. Visit www.medicare.gov for Part B costs by annual income.		

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If you have a Medicare Advantage Plan, your plan provides your Part B coverage. Remember that most people with Medicare, whether they have Original Medicare or a Medicare Advantage Plan, pay the Part B monthly premium. Some people with a Medicare Advantage Plan may also pay an additional monthly premium for being enrolled in that plan.

If you have the same Medicare Advantage Plan in 2016 as you did in 2015, your plan should have sent you an Annual Notice of Change (ANOC)/Evidence of Coverage (EOC) notice explaining any changes for the coming year. Review this notice to understand your plan's costs, covered services, and rules. Contact your plan if you didn't receive these documents in the fall of 2015, if you want another copy, or if you need help understanding your costs and coverage rules. If you chose a new Medicare Advantage Plan for 2016, review the costs associated with the new plan so that you will be prepared for any changes.

Contact your State Health Assistance Program (SHIP) for additional help understanding cost sharing (deductibles, coinsurance, and copayments) that apply to Medicare-covered benefits.

3) Have costs for Medicare Part D (prescription drug) changed in 2016?

If you have Medicare prescription drug coverage, often referred to as a Part D plan, you should check directly with your plan to find out how costs have changed in 2016. Medicare private drug plans can change the drugs they cover, their pharmacy networks, and their costs (such as copayments, coinsurances, and deductibles) from year to year.

Remember, there are two main ways that you can get your Medicare prescription drug coverage. You can have a Medicare Advantage Plan that offers both health and drug coverage, or you can have a stand-alone Part D plan that works with Original Medicare. Your Part D plan should have sent you an Annual Notice of Change (ANOC) and/or an Evidence of Coverage (EOC) informing you of your plan's benefits, costs, and covered drugs for 2016. Note that if you have a Medicare Advantage Plan with prescription drug coverage, you will receive one EOC that describes both your health and prescription drug coverage for 2016.

Part D plans must include the minimum coverage that is set by law, but each plan may offer varying types of coverage. For example, Part D plans can set a maximum \$360 deductible (amount you pay out-of-pocket before your insurance begins to pay) in 2016. However, some plans may not require you to pay any deductible.

The chart on the next page compares Part D costs this year and last. Make sure to check with your plan to learn about your Part D costs in 2016.

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Medicare Part D Costs: 2015 vs. 2016		
	2015	2016
Part D Deductible Maximum	Up to \$320/year	Up to \$360/year
Part D Coverage Gap Threshold You reach the coverage gap, or donut hole, when you and your plan together have spent this much on covered drugs since the start of the year.	\$2,960	\$3,310
Part D Catastrophic Coverage Limit You get out of the donut hole and reach catastrophic coverage when you have spent this much out-of-pocket* since the start of the year. This doesn't include what the plan has paid toward your drugs.	\$4,700	\$4,850

* Note the out-of-pocket costs that help you get out of the donut hole include:

- 1) What you've spent on covered drugs since the start of the year (deductible, copays)
- 2) Most of the 55 percent discount for brand-name drugs while you're in the donut hole (5 percent of the 55 percent is a government discount that does not count toward your out-of-pocket costs)
- 3) Any drug costs paid by family members, most charities, State Pharmaceutical Assistance Programs, AIDS Drug Assistance Programs, and/or the Indian Health Service

4) What is the *Medicare & You* handbook? How can I get one?

Medicare & You is a handbook published by Medicare each year. It explains when cost sharing (deductibles, coinsurance and copayments) apply to Medicare-covered benefits. Each Medicare beneficiary is mailed a copy of *Medicare & You* in the early fall. Your State Health Insurance Assistance Program (SHIP) contact information is printed on the back. Your SHIP can provide more in-depth information about your Medicare benefits than what is provided in the *Medicare & You* handbook, if needed. If you never received a *Medicare & You* handbook, you can call 1-800-MEDICARE to request a copy, or download one at www.medicare.gov. You will still receive *Medicare & You* if you have a Medicare Advantage Plan. Medicare Advantage Plans must cover at least what Original Medicare covers, but can do so with different rules and restrictions.

5) What is the Medicare Advantage Disenrollment Period?

If you are dissatisfied with your Medicare Advantage Plan, you may switch to Original Medicare and pick up a new stand-alone Part D prescription drug plan during the Medicare Advantage Disenrollment Period (MADP). The MADP spans from January 1 to February 14 of each year. This period only allows you to switch from a Medicare Advantage Plan to Original Medicare and

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a stand-alone Part D plan. You cannot enroll into another Medicare Advantage Plan or make any changes to your current Original Medicare coverage. If you think you were fraudulently enrolled in a Medicare Advantage or Part D plan that doesn't meet your needs, contact your Senior Medicare Patrol (SMP) for assistance .

Before making any changes, make sure you know how changing health and drug coverage will affect you. Changes made during this period are effective the first of the following month. For example, if you switch from a Medicare Advantage Plan to Original Medicare and a stand-alone Part D plan on February 10, your new coverage would begin March 1. Keep in mind that Medigap plans, or supplemental policies, may help you pay for certain out-of-pocket costs in Original Medicare, such as deductibles and coinsurances. For more information on Medigap rules and regulations specific to your state, contact your State Health Insurance Assistance Program (SHIP).

SHIP Case Study

Lorena is 68 years old and recently switched from a Medicare Advantage Plan to Original Medicare. Like most people, Lorena typically had her Part B premium deducted from her Social Security check in 2015. After attending a local Medicare presentation at her local library, Lorena notices that the Part B premium will be \$121.80 per month. Lorena is confused because she was told by her friend that her premium would be \$104.90 per month.

What should Lorena do?

- Lorena should contact her SHIP to determine if she will be impacted by the Part B increase.
 - If Lorena doesn't know how to find her SHIP, she can go to www.shiptacenter.org or call 877-839-2675 for assistance.
- The SHIP counselor should be able to explain the hold harmless provision, and inform Lorena why she will not be impacted by the increase.

SMP Case Study

James is 67, has asthma, and lives in subsidized senior housing. During the Open Enrollment Period, he had decided to stay in Original Medicare and keep the same Part D plan. Now he is getting statements and bills he doesn't understand, and it looks like he owes an awful lot of money. He's not sure what happened, but he has now become suspicious of a call he received in November from a woman who said she could help him save on his prescription drug costs. Worried about his finances and the high cost of his medications while in the donut hole, James provided this woman with his Medicare number. Now he realizes he's certainly not saving any money, and it seems his expenses are higher than ever.

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What should James do?

Because James may have been a victim of enrollment fraud, he should:

- Contact the Senior Medicare Patrol to report the phone call he received and his concerns about his bills.
 - If James doesn't know how to find his local SMP, he should contact the SMP National Resource Center at 877-808-2468, or use the online SMP locator at www.smpresource.org.
- The SMP will report the situation to the proper authorities. They will also connect James with Medicare, so he can get enrolled in coverage that meets his needs.

Local SHIP Contact Information	Local SMP Contact Information
SHIP toll-free: SHIP email: SHIP website: To find a SHIP in another state: Call 877-839-2675 or visit www.shiptacenter.org .	SMP toll-free: SMP email: SMP website: To find an SMP in another state: Call 877-808-2468 or visit www.smpresource.org .
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